



STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

IMPORTANT NOTICE

TO: All Tennessee Tobacco Taxpayers
SUBJECT: 2002 Tobacco Tax Rate Increase
DATE: July 5, 2002

Effective July 15, 2002, Chapter 856, Public Acts of 2002, amends the cigarette tax rate, as established in Tennessee Code Annotated § 67-4-1004, of six and one-half (6.5) mills per cigarette by increasing it to ten (10) mills per cigarette. At a cent per cigarette, this translates to twenty cents (\$0.20) per pack of twenty cigarettes and twenty-five cents (\$0.25) per pack of 25 cigarettes. This new tax rate will be due from each dealer or distributor making purchases of cigarette stamps **on or after July 15, 2002**. Any cigarette stamp inventory held by a dealer or distributor on July 15, 2002, is not subject to the tax increase.

In addition, the previously existing TCA §67-4-1005 is deleted in its entirety and replaced in part by the following language:

“The rate on all other tobacco products, including, but not limited to, cigars, cheroots, stogies, beedies, bidis, manufactured tobacco and snuff of all descriptions whether made of tobacco or any substitute therefore, shall be six and six-tenths percent (6.6%) of the wholesale cost price.”

Persons filing tobacco tax returns will remit payment at the new rate with the period beginning July 15, 2002.

When you receive your July tobacco tax return, you will find the tax rate effective as of July 1 printed on the return. However, you will need to maintain records to verify how much tax is due under both the old rate and the new rate effective July 15, 2002. Because there are two tax rates in effect during July 2002, separate calculations for each rate must be made in order to compute the correct tax liability. Adequate supporting documentation must be maintained to prove the entries on the return.

If you have any questions, you may call any of our HELP NUMBERS:

Chattanooga	(423) 634-6266	Knoxville (865) 594-6100
Jackson	(731) 423-5747	Memphis (901) 213-1400
Johnson City	(423) 854-5321	Nashville (615) 253-0600

Tennessee residents outside the Nashville calling area may call our statewide toll-free number at 1-800-342-1003. Callers from Nashville or out-of-state may dial (615) 253-0600.